

**H.R. 6331**  
**PRIVATE FEE-FOR-SERVICE PROVISIONS:**

**A MODEST APPROACH TO CURTAILING ABUSE**

Private Fee-For-Service (PFFS) plans are one type of Medicare Advantage (MA) plan. They differ from other MA plans in several important ways. The key difference, however, is that they do not have to sign up providers to be a part of their networks so that beneficiaries know which physicians accept their plan or not. Instead they can "deem" providers into the plan, which means a beneficiary can show up at the doctor and find out only then that the doctor can choose to accept – or reject – the PFFS plan payments, leaving the beneficiary holding the bag. This creates tremendous uncertainty and confusion for both beneficiaries and providers.

**PROPOSED CHANGE TO PFFS:** H.R. 6331 would change requirements for PFFS plans in certain counties. In counties where there is adequate availability of health plans – two or more non-PFFS plans (either an HMO or PPO) – PFFS plans would no longer be able to deem providers into their plans at the point of service. Instead, beginning in 2011, they would have to form provider networks.

In some rural areas where there are no non-PFFS MA options, or only one other MA plan, H.R. 6331 continues to allow PFFS plans to deem providers. The only change for these plans is that they must report on quality measures, like all other MA plans. That change has no cost. In other words, PFFS plans in these areas would be able continue to operate as they do today.

**H.R. 6331 does not reduce PFFS plan payments.** These changes simply put PFFS on a more level playing field with other plans. Savings come because some PFFS plans will choose to not to participate in the market, rather than contract with providers. As a result, savings accrue primarily from deterring future enrollment. Currently, only 4 percent of Medicare beneficiaries are enrolled in PFFS plans, but enrollment is projected to grow rapidly in coming years.

This bill preserves plan choices. According to MedPAC, 99 percent of Medicare beneficiaries have other plan choices. H.R. 6331 will preserve PFFS plans for the 1 percent of beneficiaries who currently lack access to any other type of private health plan in Medicare.